

**STATEMENT OF**  
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**BEFORE THE**  
**SUBCOMMITTEE ON DOMESTIC AND**  
**INTERNATIONAL MONETARY POLICY, TRADE AND**  
**TECHNOLOGY**  
**COMMITTEE ON FINANCIAL SERVICES**  
**U.S. HOUSE OF REPRESENTATIVES**  
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Good afternoon, Mr. Chairman and Members of the Subcommittee, I am David Paulison, Director of the Preparedness Division within the Emergency Preparedness and Response Directorate of the Department of Homeland Security (DHS). On behalf of Secretary Ridge, I appreciate the opportunity to appear before you today to support the 5-year reauthorization of the nonpermanent provisions of the Defense Production Act (DPA).

The DPA is the President's primary authority to ensure the timely availability of industrial resources for both military and civil emergency preparedness and response. Expiration of these provisions would severely undermine our Nation's ability to prevent, as well as to respond to a disaster that is truly catastrophic -- whether natural or man-made.

The Department of Homeland Security combines many government functions that focus on protecting our Nation's borders and airports, among other activities, and ensuring that we are prepared for and able to respond to terrorist attacks and natural disasters. The Defense Production Act authorities are critical to the Department's strategic objectives to prevent terrorist attacks within the United States, reduce America's vulnerability to terrorism, minimize the damage and hasten the recovery from attacks that may occur.

Since 9/11, we have seen the effectiveness of the Defense Production Act in reducing the Nation's vulnerability to terrorism. Specifically, the Defense Priorities and Allocation System authorized under Title I of the DPA was used by the Transportation Security Administration to expedite the production of explosive detection and communication systems for our major airports. Without the use of these priority orders, the manufacturers could not have delivered these systems in a timely fashion. The DPA may also soon support the Homeland Security Department's Bureau of Customs and Border Protection in its efforts to ensure that that containerized shipping arriving at our borders is tracked more effectively than it is now.

The Defense Production Act can also be used for preparedness, response, and recovery activities in a catastrophic disaster such as an earthquake or a hurricane. This use is being integrated into planning for such catastrophic occurrences.

Other DPA authorities are important to the DHS mission. These authorities include the:

- use of financial incentives to establish industrial capacity for products and services, such as vaccines to protect against biological agents (under Title III);
- use of industry agreements to enhance preparedness and response capabilities—for example, critical infrastructure protection (under section 708); and
- use of an executive reserve to provide expertise from the private sector during an emergency (under section 710).

Within the new department, DPA authorities reside with the DHS Undersecretary for Emergency Preparedness and Response. DHS is preparing departmental guidance on the use of DPA authorities. One such guidance document is a Defense Priorities and Allocations Manual that will help with the priority procurement of homeland security-related products and services.

DHS is implementing its DPA responsibilities by:

- Serving as an advisor to the National Security Council (NSC) on DPA authorities and national security resource preparedness issues and reporting on activities under Executive Order 12919;
- Providing central interagency coordination of the plans and programs incident to the authorities under Executive Order 12919;
- Developing guidance and procedures under the DPA for approval by the President;
- Resolving issues on resource priorities and allocation;
- Making determinations on use of priorities and allocations for essential civilian needs supporting the national defense; and

- Coordinating the National Defense Executive Reserve (NDER) program activities of departments and agencies in establishing NDER units and providing guidance for recruitment, training and activation.

We will work with the NSC and appropriate Federal departments and agencies to ensure that DHS issues proper guidance and procedures for DPA implementation. We view DHS responsibilities under the DPA seriously and recognize the potential of the Act to support the efforts of other departments and agencies to prevent, prepare for, respond to and recover from potential terrorist incidents and other emergencies.

In summary, the Department of Homeland Security is committed to fulfilling its responsibilities under the DPA and recognizes the Act's potential to enhance significantly the Nation's ability to respond to a homeland security threat.

Thank you for the opportunity to appear today. I would be pleased to answer any questions that you may have.